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Foreign Labor Trends

Uruguay

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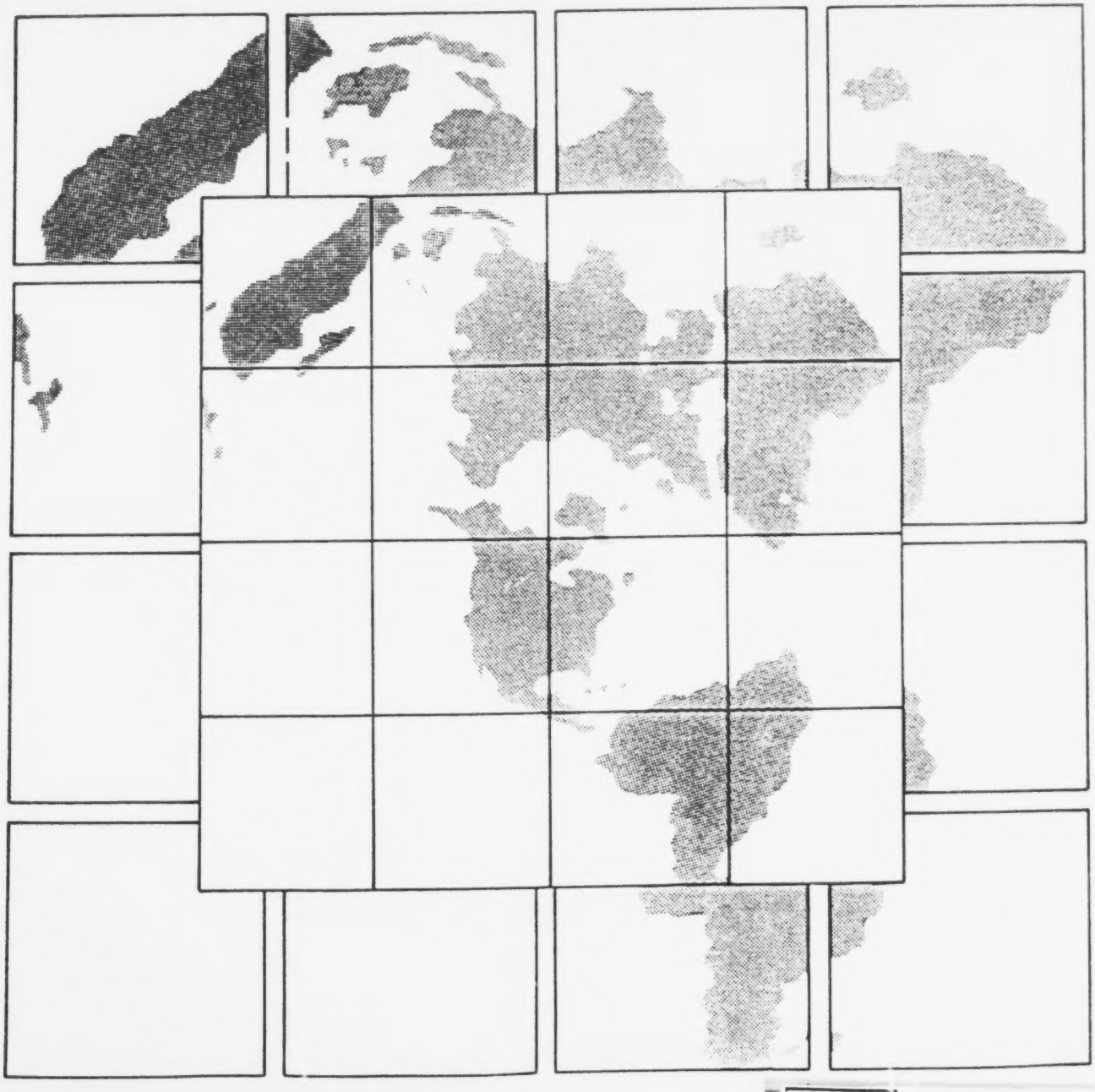

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FOREIGN LABOR TRENDS REPORT

URUGUAY

1988

TABLE OF CONTENTS

Page	
1	KEY LABOR INDICATORS
3	EMPLOYMENT AND WAGES
4	ORGANIZED LABOR
7	LABOR LAW AND ADMINISTRATIVE REGULATION

KEY LABOR INDICATORS

	1987	1988	Pct Chg.
GDP, Curr. Prices (est.$ million)	7,159		
---,Per Capita (US$)	2,411		
---,Const. Prices (est.1978 US$)	5,473		
---,Per Capita (1987 US$)	1,843		
Total Population (000s)(est)	2,960	2,980	
Major Ethnic Groups: White (pct.)		95	
Growth Rate (pct.) (1975-1985)		0.64	
---, Urban Areas (1975/1985)(pct.)	83	86	
Birth Rate: 1975-1985 (per 1,000)	18		
In-migration: 1963-1975 (000)	16		
Out-mig. by Dest.: 1963-1975/1982 (000)	186	185	
---. Pct: Argentina	54	50	
U.S.	10	11	
Australia	9	7	
Spain	5	5	
Brazil	5	7	
Venezuela		5	
Other	17	15	
Life Expectancy at Birth:			
Total (1965/1985)(Years)	69	73	5.8
Male	65	70	7.7
Female	71	75	5.6
Adult Literacy ((pct.)	93.3	94	0.75
	1985	1986	
Total Lab. Force (Civ.)(000s)	1,300	1,300	0
---,Industry	245	271	10.6
---,Agriculture	208	206	-1.0
---,Services	845	823	-2.6
	1987	1988	
Unemployment Rate (pct.)(4Q)	9.35	8.89	-4.9
	1985	1986	
Underemployment Rate (pct.)	10.5	9.0	-14.3
	1986	1987	
Labor Productivity (Sept.) (1982 = 100)	1.02	0.99	-2.9
	1985	1986	
Work Related Accidents and Illnesses: 000s	32	34	6.3
Work Time Lost, Ind. Disp. (pct)(1988, 1st half)		6.2	

Min. Wage Rates per Month:

Effective Date	N$ (peso)	Equiv. US$	Pct. Change N$	Pct. Change US$
3/1/87	17,000	85.40	21	6.0
7/1/87	19,500	85.70	15	0.4
11/1/87	22,300	83.90	14	-2.1
3/1/88	25,000	80.37	8	-4.2
7/1/88	29,000	80.37	16	0.0
11/1/88	34,800	81.57	20	1.4

*N$ symbol for peso

Average Hourly Earnings by Major Industry

Industry:	1985(Rev)	1986	Pct. Change
Food Processing, Beverages and Tobacco, N$	153.84	304.01	98
---, US$ Equivalent	1.52	2.00	32
Text. and Leather Products, N$	119.50	232.03	94
---, US$ Equivalent	1.18	1.53	30
Chemical, Petroleum, Rubber and Plastic, N$	268.29	504.02	88
---, US$ Equivalent	2.64	3.32	26
Metallic Products, N$	175.48	352.61	101
---,US$ Equivalent	1.73	2.32	34

Avge. Hrly. Earnings by Major Occupation:

Occupation	1987 N$	Equivalent US$
- Fishing Industry-Chief of Administra.	882.54	4.01
- Bread Manufacturing-First Master	364.44	1.66
- Non-Alcoholic Beverages-Common Laborer	308.28	1.40
- Textile Industry-Spinning Machine Operator	315.26	1.43
- Clothing-Chief of Plant	613.37	2.79
- Tannery-Common Laborer	262.25	1.19
- Footwear Production-Machine Operator	218.70	0.99
- Chemical Industry-Chief of Laboratory	1698.05	7.72
- Plastics Production-Machine Operator	330.51	1.50
- Metallic Products-Production Foreman	1004.73	4.57

Average Hours Worked per Week: 1988 42.9

Unionization of Labor (est. pct.) 18

Average Personal Income per Year, Current Prices (manufacturing sector):

	1985	1986	Pct. Change
N$ 000s	249	493	98
Equivalent US$	2,451	3,244	32

Average Disposable Income after Taxes and Mandatory Withholding (Manufacturing Sector):

N$ 000s	209	414	98
Equivalent US$	2,058	2,722	32

Pct. Chge. in Consumer Prices, Dec. 87-Dec. 88 69

Trade with U.S. ($ Mils):	1986	1987	1988 (Nov.)
Exports	130	154	137
Percent Variation		35	N/A
Imports	74	81	83
Percent Variation		21	N/A

EMPLOYMENT AND WAGES

Growth of the Uruguayan economy slowed considerably in 1988; while no end-of-year figures are available, current projections are that real gross domestic product (GDP) growth was less than one percent in 1988. The unemployment rate for the last quarter of 1988 was 8.89 percent. The highest rate of unemployment for 1988, 10.20 percent, was registered in the first quarter; and the lowest, 8.46 percent, was during the July-September period. According to the most recent statistics, the unemployment rate for women was significantly higher than for men (13.13 percent and 7.24 percent, respectively); the difference remained relatively constant during 1988. Labor force participation rates for men remained steady in the 70 to 71 percent range during 1988, while the rate for women dropped from a high of 42 percent in the January-March period to a low of 39.15 percent in the August-October period. The overall labor participation rate was 53.16 percent as of November 1988.

The following are the unemployment rates (as of December 1988) for selected sectors of the economy, with those reported for last year being given in parenthesis for comparison.

--Industry, 9.8 percent (8 percent)

--Construction, 10.1 percent (11 percent)

--Commerce, 7.9 percent (7 percent)

According to one study by a leftist economist, 30 out of every 100 youths entering the job market cannot find jobs. This tends to conform to subjective judgments and anecdotal evidence that the formal economy is creating very few entry-level jobs.

High rates of inflation (about 69 percent per year in 1988) cut into workers' purchasing power. The average real wage for 1988 was 1.5 percent higher than the 1987 average; the real wage in December 1988, however, was 2 percent less than in December 1987. The average real wage for 1988 in the private sector increased by 2 percent and .5 percent (one half of one percent) in the public sector. Overall, real wages are about 90 percent of what they were in the peak year of 1981. While private sector wages have risen over 1981 levels by about 3.5 percent, public sector real wages are only about 82 percent of their 1981 level. Wages have, however, risen substantially from the low levels of 1984 and 1985.

The minimum monthly wage was raised to 34,800 pesos in November 1988. At the exchange rate of that time, this was equal to US$81.75 (by comparison, the minimum wage rate set in November 1987 was the equivalent of US$85).

The average work week in 1988 was about 43 hours. Workers in manufacturing averaged slightly more than 43 hours per week; the work week in construction was 44 hours; and those in the commercial sector worked an average of 48 hours per week. According to one study, published in the weekly "Busqueda", the average Uruguayan worker works 246 days per year (compared to 231 in the United States) and has 20 days per year vacation.

Despite Uruguay's reputation for labor unrest, the Uruguayan worker appears generally satisfied with his/her job. According to an October 1988 poll in Montevideo, the economic center of the country, by "EQUIPOS", a usually reliable polling organization, 83 percent of the work force are satisfied with their jobs (this up from 79 percent in October 1987). About 30 percent of the work force are satisfied with both their job and their salary; only 13 percent are unsatisfied with both their job and salary. Men tend to have a higher rate of job satisfaction than women; professionals enjoy greater job satisfaction than do laborers.

ORGANIZED LABOR

Structure: The Inter-union Workers' Assembly-National Confederation of Workers (PIT-CNT) is Uruguay's only labor confederation. There were no substantive changes in the constituency of the PIT-CNT in 1988. It continues to include almost all the major unions in the country, and during 1988 no significant changes occurred in its composition. PIT-CNT affiliated unions have about 230,000 members and act as bargaining units for about 400,000 workers. The Communist Party (PCU) maintained its control of the PIT-CNT in 1988, but there was open dissension by some factions over bread-and-butter labor issues, such as wages.

Activities: The PIT-CNT participated in the June-September 1988 round of tripartite wage contract negotiations under the Consejo de Salarios (salary councils) system. At the end of the contract negotiations in September, about 70 percent of the over 300,000 workers affected by the negotiations were covered by signed contracts. The remainder were covered by Consejo-decreed settlements which were generally in line with the negotiated contracts (i.e., a 15 percent wage increase retroactive to June 1, 1988, and quarterly cost of living

adjustments based on 90 percent of the previous quarter's rate of inflation). The PIT-CNT protested the decreed settlements to the ILO; the PIT-CNT also protested to the ILO the Government's decreed wage increase for employees of state-run enterprises in November. No action has been taken on either of these protests.

Most of the contracts negotiated under the 1988 Consejo system are valid for 18 to 24 months and contain what are known as "peace clauses" to protect against strikes. Most also specify quarterly wage adjustments following a formula based on 90 percent of the rate of inflation for the previous quarter, plus, at least in some cases, productivity increases or increases related to the growth of the GDP.

Because few Uruguayan unions have the economic and political strength to confront management through outright strikes, unions often resort to job actions just short of strikes. One of the favored tactics is work stoppages, which are often called ostensibly for the purpose of a union assembly. Such work stoppages may last from 2 hours to 2 days and usually are timed to coincide with peak periods of production. There were a number of important job actions in 1988, however, and considerable work time was lost in some industries due to labor-management disputes.

The textiles sector was particularly hard hit during 1988, with continual labor conflicts throughout much of the year. According to available statistics, in the first half of 1988, the textile industry lost 320.66 out of every 1000 person/hours to labor conflicts.

Uruguay's 70-boat fishing fleet was kept in port by a 60-day long work stoppage over new contracts by the 3 unions representing boat crews. (The unions did not call the job action a strike since they had stopped working only because there was no contract.) The fleet's inactivity eventually led to the temporary lay-off of about 8,000 workers in fish-processing plants. The Government estimated the strike cost 20 million dollars in lost export revenue.

Employees of state-run enterprises staged a 1-day work stoppage November 15 to protest lower-than-expected wage increases. The public-sector unions had been demanding a pay raise of 30 percent (100 percent of the rate of inflation for the previous quarter plus 5 percent extra to make up for lost purchasing power), but received an increase of only 21 percent (about 83 percent of the rate of inflation for the previous quarter).

Water and sewer, electrical, and phone services functioned normally, but service stations for the national petroleum company, ANCAP, were closed and airline service on the national airline, PLUNA, was halted. Labor problems in the public sector are expected to continue in 1989 and perhaps worsen as the Government moves forward with privatization efforts.

The most disruptive series of job actions in 1988, at least in terms of public inconvenience, occurred in the public transportation sector. Beginning in April, the union representing workers in Montevideo's major bus company, CUTCSA, began a series of partial work stoppages that left commuters stranded. In early June, the strike began in earnest, but the Government issued an "essential services decree" June 16 prohibiting surprise work stoppages and mandating the operation of the buses on certain designated routes during the strike. Later that month, the CUTCSA union removed all buses from the streets of Montevideo. The strike went on for over a week in protest against the essential services decree. The last major transportation shutdown was in August. (In the January 1989 union elections, the PCU was able to regain some transport union offices from the more militant faction that had sponsored these disruptive strikes.)

Another costly labor dispute was between the port workers union (Sindicato Unico de Administracion de Puertos - SUANP) and the Port Authority (ANP). During the period November 10-16, the Port of Montevideo was at a virtual standstill because of job actions by SUANP-affiliated port workers (virtually all port workers except the stevedores). The SUANP workers staged a series of partial work stoppages over the issues of pay scales, overtime, and SUANP demands to have a voice in port administration. At least 20 ships either left the port of Montevideo or were diverted enroute to other ports in the area during the disruptions. SUANP ended its job action after the intervention of the Ministry of Labor and Social Security and after reaching an accord that called for the creation of a tripartite body to continue discussions of the issues that led to the conflict. (The tripartite consultations were subsequently broken off, but there have been no further disruptions by SUANP over the issue.)

The PIT-CNT called one general strike in 1988 that could be labeled as "political." The 4-hour work stoppage in November was in support of a petition drive calling for a referendum on the 1986 law granting amnesty to police and military for human rights abuses during the military regime. The job action was called on a warm Friday afternoon and, thus, was fairly successful in closing down commerce.

LABOR LAW AND ADMINISTRATIVE REGULATION

As noted above, the Government invoked the "essential services decree" during a strike against Montevideo's major bus line. This was the only incident in 1988.

There were no substantive changes on labor law and administrative legislation in 1988. Uruguay continues to lack a comprehensive labor code; there are few comprehensive rules governing union formation or labor and management behavior in conflicts. The Government, however, attempts to promote consensus building, and the provision of the "peace clauses" in contracts is a stopgap effort to deal with the lack of clear rules on strikes. In general, the consejos have not moved into the areas of contract interpretation or labor-management disputes outside actual contract negotiations.

The Director of Labor in the Ministry of Labor and Social Security was replaced in late 1988. Dr. Daniel De Siano replaced Julio Herrera after the latter was charged with homicide following a Christmas morning traffic accident that killed a pedestrian.

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